

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

200 W. Washington, Suite 301
Indianapolis, IN 46204
(317) 233-0696
<http://www.in.gov/legislative>

FISCAL IMPACT STATEMENT

LS 7013

BILL NUMBER: HB 1340

NOTE PREPARED: Jan 30, 2014

BILL AMENDED:

SUBJECT: Refunding Bonds for School Consolidation.

FIRST AUTHOR: Rep. Huston

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 X **DEDICATED**
 FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill authorizes the Indiana Finance Authority to issue bonds and use the proceeds of the bonds to acquire obligations issued by a school corporation to refund debt incurred by a school corporation before that school corporation completed a consolidation or merger. It authorizes the Indiana Bond Bank to purchase such refunding bonds from a school corporation. The bill specifies that a school corporation may sell such refunding bonds at a negotiated, private sale to the Indiana Finance Authority or the Indiana Bond Bank.

Effective Date: July 1, 2014.

Explanation of State Expenditures:

Explanation of State Revenues: The Indiana Bond Bank or the Indiana Finance Authority would have the authority to issue bonds and use the proceeds to refund bonds issued by a school corporation before it completed a consolidation or merger.

Explanation of Local Expenditures: A school corporation would be able refund bonds is issued before consolidating with another school corporation. It is assumed that a school corporation would only refund the bonds if it could get a lower interest rate with the private sale through the Indiana Bond Bank or the Indiana Finance Authority.

There have been approximately three school corporation consolidations over the last 10 years.

Explanation of Local Revenues:

State Agencies Affected: Indiana Bond Bank, Indiana Finance Authority.

Local Agencies Affected: Consolidated Schools.

Information Sources:

Fiscal Analyst: Chuck Mayfield, 317-232-4825.